Annual Financial Statements

for

MOGALAKWENA MUNICIPALITY

for the year ended 30 June: ***2009***

Province: Limpopo

Contact Information:

Name of Municipal Manager:	Mr S W Kekana
Name of Chief Financial Officer:	Ms W D Joubert (Acting)
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General information

Members of the Council

Cllr MB Mmola (Mr)	**Mayor**
Cllr NL Kgobe (Ms)	**Speaker**
Cllr JF Barnard (Mr)	Member of the Executive Committee
Cllr A Cachalia (Mr)	Member of the Executive Committee
Cllr RL Kganyago (Ms)	Member of the Executive Committee
Cllr TS Kgosana (Mr)	Member of the Executive Committee
Cllr MR Lebelo (Ms)	Member of the Executive Committee
Cllr MT Matlwa (Mr)	Member of the Executive Committee
Cllr NM Motabo (Mr)	Member of the Executive Committee
Cllr ME Shika (Ms)	Member of the Executive Committee
Cllr NR Thema (Ms)	Member of the Executive Committee
Cllr JF Barnard (Mr)	Member
Cllr A Cachalia (Mr)	Member
Cllr MJ Chauke (Mr)	Member
Cllr KR Chokoe (Ms)	Member
Cllr DP Gubayi (Mr)	Member
Cllr TK Kekana (Mr)	Member
Cllr RL Kganyago (Ms)	Member
Cllr TA Kgaphola (Mr)	Member
Cllr KG Kgosana (Ms)	Member
Cllr LL Kgosana (Mr)	Member
Cllr TS Kgosana (Mr)	Member
Cllr MM Lamola (Mr)	Member
Cllr LD Langa (Mr)	Member
Cllr LJ Lebelo (Mr)	Member
Cllr MR Lebelo (Ms)	Member
Cllr SD Magongoa (Mr)	Member
Cllr SK Makgae (Ms)	Member
Cllr MJ Makhafola (Mr)	Member
Cllr LP Maloba (Mr)	Member
Cllr MJ Mampane (Mr)	Member
Cllr JN Manganye (Ms)	Member
Cllr ME Manganye (Mr)	Member
Cllr CM Mashalane (Mr)	Member
Cllr NV Mashamaite (Mr)	Member
Cllr ML Mashao (Ms)	Member
Cllr MH Mashiane (Mr)	Member
Cllr MJ Mashilela (Ms)	Member
Cllr RP Matlaila (Ms)	Member
Cllr MT Matlwa (Mr)	Member
Cllr PM Mello (Mr)	Member
Cllr MI Mogotlane (Mr)	Member
Cllr LG Mokale (Mr)	Member
Cllr DM Mokau (Ms)	Member
Cllr TE Mokhonoana (Mr)	Member
Cllr RM Molekoa (Ms)	Member
Cllr MAD Monama (Ms)	Member
Cllr RN Monene (Ms)	Member

Cllr NS Montane (Mr)	Member
Cllr GE Morkel-Brink (Mr)	Member
Cllr NM Motabo (Mr)	Member
Cllr RE Mothibi (Ms)	Member
Cllr MA Mphela (Mr)	Member
Cllr KS Mpya (Mr)	Member
Cllr MS Ngoepe (Mr)	Member
Cllr BT Pitjeng (Ms)	Member
Cllr ME Ramashala (Ms)	Member
Cllr MS Sebetha (Mr)	Member
Cllr SJ Sebola (Mr)	Member
Cllr SJ Selepe (Mr)	Member
Cllr M Selomo (Ms)	Member
Cllr MN Sethoga (Ms)	Member
Cllr MJ Shiburi (Mr)	Member
Cllr ME Shika (Ms)	Member
Cllr MN Somo (Mr)	Member
Cllr C Teffo (Ms)	Member
Cllr MB Teffo (Mr)	Member
Cllr MS Tefu (Ms)	Member
Cllr NR Thema (Ms)	Member
Cllr RE Thobakgale (Ms)	Member
Cllr PH Tsebe (Mr)	Member
Cllr JD Van Heerden (Mr)	Member

Municipal Manager

Mr S W Kekana

Chief Financial Officer

Ms W D Joubert (Acting)

Grading of Local Authority

Grade 8 (Low capacity)

Auditors

Auditor-General

Bankers

Standard Bank

General information (continued)

Registered Office:	Mogalakwena Municipality
Physical address:	54 Retief street Mokopane 0601
Postal address:	PO Box 34 Mokopane 0600
Telephone number:	015 491 9600
Fax number:	015 491 9755
E-mail address:	kekanasw@mogalakwena.gov.za

MOGALAKWENA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For The Year Ended

30 June 2009

Approval of annual financial statements

I am responsible for the preparation of these Annual Financial Statements, which are set out in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 23 of these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's Determination in accordance with this Act.

S W Kekana Date
Municipal Manager

MOGALAKWENA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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MOGALAKWENA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current Assets			
Cash and cash equivalents	1	8 136 635	3 142 681
Trade and other receivables from exchange transactions	2	32 898 909	30 347 207
Other receivables from non-exchange transactions	3	682 696	3 113 467
Inventories	4	9 163 225	8 448 713
Investments	5	129 213 703	135 219 793
Current Portion of receivables	6	1 827 168	9 629 686
VAT receivable	7	16 941 270	10 044 250
Non-Current Assets			
Non-current Receivables	6	2 040	32 158
Property Plant and Equipment	8	694 819 810	576 247 288
Investment property	9	7 236 000	7 236 000
TOTAL ASSETS		**900 921 456**	**783 461 243**
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	10	48 221 880	46 607 699
Consumer Deposits	11	11 608 521	11 638 356
Current Provisions	12	1 480 883	1 331 996
Current portion of unspent conditional grants and receipts	13	51 411 309	57 352 153
Non-Current Liabilities			
Non-Current Provisions	14	804 787	466 696
Total liabilities		**113 527 381**	**117 396 900**
Net assets		**787 394 075**	**666 064 344**
NET ASSETS			
Reserves		548 982 477	460 025 576
Accumulated Surplus / (Deficit)		238 411 598	206 038 768
Total net assets		**787 394 075**	**666 064 344**

MOGALAKWENA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

		ACTUAL	
	Note	2009	2008
		R	R
Revenue			
Property rates	15	27 525 665	31 363 718
Service charges	16	123 453 102	100 721 554
Rental of facilities and equipment	17	400 019	227 712
Interest earned - external investments	18	16 970 968	17 163 519
Interest earned - outstanding receivables	19	1 447 463	2 051 328
Fines		1 131 014	1 201 121
Licences and permits		6 535 784	5 820 776
Government grants and subsidies	20	250 336 002	178 461 214
Other income	21	13 269 461	34 556 701
Total Revenue		**441 069 477**	**371 567 641**
Expenses			
Employee related costs	22	99 235 829	86 170 889
Remuneration of Councillors	23	12 801 480	10 930 703
Bad debts		18 677 097	27 279 851
Collection costs		84 339	171 275
Depreciation and amortisation expense	24	35 859 848	29 872 474
Repairs and maintenance		51 902 806	31 789 416
Bulk Purchases	25	62 275 903	49 431 622
General Expenditure	26	38 975 968	31 736 739
		-	
Total Expenses		**319 813 270**	**267 382 969**
Gain/(loss) on sale of assets	27	73 523	(1 678)
Surplus / (deficit) for the period		**121 329 731**	**104 182 994**

MOGALAKWENA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Revaluation Reserve	Other Reserves	Total :Reserves	Accumulated Surplus/ (Deficit)	Total : Net Assets
	R	R	R	R	R
Balance at 30 June 2007	**79 889 401**	**308 961 498**	**388 850 899**	**114 700 800**	**503 551 699**
Correction of prior period error (Note 28)		694 935	694 935	(3 598 942)	(2 904 007)
Restated balance	**79 889 401**	**309 656 433**	**389 545 834**	**111 101 858**	**500 647 692**
Surplus / (deficit) on revaluation of property,plant and equipment	61 233 660		61 233 660		61 233 660
Transfer to CRR		57 141 171	57 141 171	(57 141 171)	0
Property, plant and equipment purchased		(98 527 291)	-98 527 291	98 527 291	0
Capital grants used to purchase PPE		75 512 941	75 512 941	(75 512 941)	0
Asset disposals		(1 679)	(1 679)	1 679	0
Offsetting of depreciation	(2 196 362)	(22 682 698)	(24 879 060)	24 879 060	0
Surplus/(deficit) for the period			0	104 182 994	104 182 994
Balance at 30 June 2008	**138 926 699**	**321 098 876**	**460 025 575**	**206 038 769**	**666 064 345**
Correction of prior period error (Note 28)					
Restated balance	**138 926 699**	**321 098 876**	**460 025 575**	**206 038 769**	**666 064 344**
Surplus / (deficit) on revaluation of property,plant and equipment					0
Transfer to CRR		35 141 462	35 141 462	(35 141 462)	0
Property, plant and equipment purchased		(37 429 668)	(37 429 668)	37 429 668	-0
Capital grants used to purchase PPE		117 114 347	117 114 347	(117 114 347)	0
Asset disposals			-	-	0
Offsetting of depreciation	(2 876 956)	(22 992 283)	(25 869 239)	25 869 239	0
Surplus/(deficit) for the period				121 329 731	121 329 731
Balance at 30 June 2009	**136 049 743**	**412 932 733**	**548 982 477**	**238 411 598**	**787 394 075**

MOGALAKWENA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		387 470 645	363 771 257
Cash paid to suppliers and employees		(260 285 588)	(213 011 331)
	29	127 185 057	150 759 926
Interest received		18 418 432	19 214 847
Net cash flows from operating activities		145 603 489	169 974 773
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(154 698 263)	(174 216 013)
(Increase)/decrease in non-current receivables		7 832 637	(8 391 454)
Proceeds from sale of fixed assets		250 000	
Proceeds from sale of investments		6 006 090	12 780 207
Net cash flows from investing activities		(140 609 536)	(169 827 260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities			
Net increase/(decrease) in net cash and cash equivalents		**4 993 954**	**147 513**
Net cash and cash equivalents at the beginning of period		3 142 681	2 995 168
Net cash and cash equivalents at the end of period	30	8 136 635	3 142 681

	2009 R	2008 R

1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:		
Cash on hand	20 505	20 505
Cash at bank	8 116 130	3 122 176
	8 136 635	3 142 681
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
Standard Bank - Mokopane Branch		
Account Number - 031264344		
Cash book balance at beginning of year	3 122 176	2 974 663
Cash book balance at end of year	8 116 130	3 122 176
Bank statement balance at beginning of year	3 845 134	4 099 516
Bank statement balance at end of year	10 127 043	3 845 134
Cash on hand	20505	20505
Total cash and cash equivalents	8 136 635	3 142 681

2. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables

As at 30 June 2009	**Gross Balances**	**Provision for Doubtful Debts**	**Net Balance**
Service Debtors			
- Rates	42 130 482		42 130 482
- Sewerage	10 298 971		10 298 971
- Refuse	13 958 777		13 958 777
- Water	31 777 529		31 777 529
- Electricity	15 824 445		15 824 445
- Interest	49 507 387		49 507 387
- Other	7 266 395		7 266 395
- Unallocated amounts on bank statement	(830 343)		(830 343)
Provision forDoubtful Debts		(137 034 734)	(137 034 734)
Total	**169 933 643**	**(137 034 734)**	**32 898 909**

As at 30 June 2008			
Service Debtors			
- Rates	38 781 344		38 781 344
- Sewerage	7 807 564		7 807 564
- Refuse	10 992 432		10 992 432
- Water	22 791 811		22 791 811
- Electricity	11 359 868		11 359 868
- Interest	39 110 811		39 110 811
- Other	7 449 318		7 449 318
Provision for Bad Debt		(107 945 941)	(107 945 941)
Total	**138 293 148**	**(107 945 941)**	**30 347 207**

Rates - Ageing

Current (0 - 30 Days)	2 408 063	4 875 399
31 - 60 Days	1 475 933	994 049
61 - 90 Days	771 990	916 413
+ 90 Days	37 474 496	31 995 483
Total	**42 130 482**	**38 781 344**

Electricity, Water, Interest, Sundries, Refuse and Sewerage - Ageing

Unallocated amounts on bank statement	(830 343)	
Current (0 - 30 Days)	11 692 928	17 729 035
31 - 60 Days	8 201 607	3 022 797
61 - 90 Days	4 781 050	2 809 515
+ 90 Days	103 957 918	75 950 458
Total	**127 803 160**	**99 511 805**



	2009 R	2008 R

Summary of Debtors by Customer Classification

30 June 2009	Consumers	Industrial/ Comercial	National & Provincial Government
Unallocated amounts on bank statement	(830 343)		
Current (0 - 30 Days)	8 425 185	5 020 704	655 103
31 - 60 Days	6 665 743	2 641 705	370 092
61 - 90 Days	4 205 635	959 606	387 798
+90 Days	115501945	7 064 042	18 866 428
Sub-total	133 968 165	15 686 057	20 279 421
Less: Provision for bad debt	(112 172 967)	(6 409 240)	(18 452 527)
Total Debtors by Customer Classification	**21 795 198**	**9 276 817**	**1 826 894**

Summary of Debtors by Customer Classification

30 June 2008	Consumers	Industrial/ Comercial	National & Provincial Government
Current (0 - 30 Days)	14 251 600	6 849 744	1 503 088
31 - 60 Days	2 968 494	502 128	546 224
61 - 90 Days	2 798 804	428 987	498 137
+ 90 Days	86 988 462	4 953 977	16 003 502
Sub-total	107 007 360	12 734 836	18 550 951
Less: Provision for bad debt	(86 988 462)	(4 953 977)	(16 003 502)
Total Debtors by Customer Classification	**20 018 898**	**7 780 859**	**2 547 449**

Reconciliation of the doubtful debt provision		
Balance at beginning of the year	107 945 941	122 929 066
Contributions to provision	29 286 694	27 279 851
Doubtful debts written off against provision	(197 901)	(42 262 976)
Balance at end of year	137 034 734	107 945 941

3. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Amounts Receivable	1 067 499	1 620 157
Suspense Account Debtors	37 152	100 868
Accumulated interest not received	576 916	3 222 229
Unallocated receipts	(998 871)	(1 829 787)
Total Other Debtors	**682 696**	**3 113 467**

4. INVENTORIES

Opening balance of inventories:	**8 448 713**	**8 578 918**
Consumable stores - at cost	7 118 593	3 440 070
Water	31 685	110 289
Stands held for sale	1 298 435	5 028 559
Additions:	**11 509 277**	**11 330 686**
Consumable stores - at cost	11 509 277	11 330 686
Water		
Stands held for sale		
Issued (expensed):	**10 799 134**	**11 382 285**
Consumable stores - at cost	10 796 860	7 652 163
Water		
Stands held for sale	2 274	3 730 123
Closing balance of inventories:	**9 163 225**	**8 448 713**
Consumable stores - at cost	7 831 010	7 118 593
Water - at cost	36 054	31 685
Stands held for sale	1 296 161	1 298 435

5. INVESTMENTS

Deposits	106 000 000	99 000 000
Call Investments	23 213 703	36 219 793
	129 213 703	**135 219 793**

Fixed deposits of R 13 563 426 (2008: R 15 851 632) are ring-fenced and attributable to the Capital Replacement Reserve. Unspent conditional grants of R51 411 309 (2008: R 57 352 153) is also included under call investment deposits. R11 452 297 is committed through a letter of credit for buying of transformers.

	2009 R	2008 R
6. NON-CURRENT RECEIVABLES		
Car loans	21 289	309 685
Study Loans	60 984	63 879
Removal cost	4 987	
Sale of stands	1 741 948	9 288 281
	1 829 208	9 661 845
Less : Current portion transferred to current receivables	(1 827 168)	(9 629 686)
Car loans	(21 289)	(281 931)
Study Loans	(60 984)	(59 475)
Removal cost	(2 947)	
Sale of stands	(1 741 948)	(9 288 281)
Total	2 040	32 158

CAR LOANS

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2010.

REMOVAL COSTS

Council pays 100% of the removal cost of which the employee re-pays 50% thereof back to council at 5% per annum over a maximum period of 2 years. The loan is repayable in 2011.

STUDY LOANS

These loans are repayable in the year 2010. 5% interest per annum is charged.

SALE OF STANDS

Stands are sold on a cash/bank guarantee basis. Outstanding loans are repayable in the year 2010.

7. VAT RECEIVABLE		
VAT receivable	16 941 270	10 044 250

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.



	2009 R	2008 R
9. INVESTMENT PROPERTY		
Cost	1 798 002	1 798 002
Revaluation	5 437 998	5 437 998
Total Investment Property	7 236 000	7 236 000

Revenue earned is included in the statement of financial performance. Property is held for long-term capital appreciation.

10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	13 590 727	14 398 985
Unclaimed monies	3 855 380	1 779 925
Retentions	18 281 083	19 552 588
Staff leave	6 961 237	6 045 099
Other deposits	206 843	116 212
Other creditors -Development fund,education fund and other	1 664 280	1 600 926
Debtors acoounts with credit balances	3 662 331	3 113 964
Total Creditors	48 221 880	46 607 699
11. CONSUMER DEPOSITS		
Electricity and Water	11 608 521	11 638 356
Total Consumer Deposits	11 608 521	11 638 356
Guarantees held in lieu of Electricity and Water Deposits	1 654 936	1 985 346
12. PROVISIONS		
Performance bonus	1 212 620	1 280 141
Current portion of long-service provision (see note14)	268 263	51 855
Total Provisions	1 480 883	1 331 996

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.
The assessment for 06/07 and 07/08 has not been performed at the reporting date and is included in the provision.

The movement in current provisions are reconciled as follows: -

	Performance Bonus	Current portion Long-service
30 June 2008	1 280 141	51 856
Transfer from non-current		(338 092)
Contributions to provision	(67 521)	833 082
Expenditure incurred		(278 583)
30 June 2009	1 212 620	268 263

	Performance Bonus	Current portion Long-service
	839 213	
30 June 2007		344 732
Transfer from non-current	440 928	(236 874)
Contributions to provision		(4 209)
Expenditure incurred		(51 793)
30 June 2008	1 280 141	51 856



	2009 R	2008 R
13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
13.1 Unspent Conditional Grants from other spheres of Government	51 411 309	55 816 453
MIG Grant (see note 20)	19 514 044	25 822 660
Department of Water Affairs (see note 20)	15 683 451	16 577 881
Office of the Premier (see note 20)	1 448 999	1 752 993
Finance management grant (see note 20)	179 603	168 727
European union	344 810	1 200 000
National Lottery funding	512 803	102 958
Department of Mineral and Energy	1 554 744	286 939
National Road agency	2 641 893	2 641 893
Equitable Share	9 530 962	7 262 402
13.2 Other Unspent Conditional Grants and Receipts		1 535 700
PPL Mine	0	1 535 700
Total Conditional Grants and Receipts	51 411 309	57 352 153
Non-current unspent conditional grants and receipts	0	0
Current portion of unspent conditional grants and receipts	**53 153 396**	**57 352 153**

See note 20 for reconciliation of grants and receipts.
These amounts are invested in a ring-fenced investment until utilized.

14. NON-CURRENT PROVISIONS

Provision for long-service awards	804 787	466 696
Total Non-Current Provisions	804 787	466 696

The long-service award is payable after the first 10 years of continuous service and thereafter every 5 years of continuous service. The provision is based on the long-service leave to which employees are entitled to on 30 June 2009. The current portion is calculated at 25% of the long-service. (2008- 10%)

The movement in the non-current provision is reconciled as follows: -

Provision for long service awards:

Balance at beginning of year	466 696	229 821
Contributions to provision	338 092	236 874
Expenditure incurred		0
Transfer to current provisions	-	-
Balance at end of year	804 788	466 696

15. PROPERTY RATES

Actual		
Residential	11 014 409	13 290 912
Industrial	1 487 578	2 411 604
Undeveloped	994 742	2 563 455
Consent use	176 219	682 808
Commercial	14 870 932	11 715 330
State	381 513	3 318 937
Free basic assesment rates - Indigents	(1 399 728)	(2 619 328)
Total Assessment Rates	27 525 665	31 363 718
Valuation		
Residential	3 020 216 420	145 419 835
Industrial	3 353 488 900	15 118 400
Undeveloped	85 962 012	13 864 493
Consent use	13 780 000	4 576 300
Commercial	98 202 000	58 676 400
State	527 026 000	15 892 940
Municipality	447 633 114	44 732 708
Total Property Valuations	7 546 308 446	298 281 076

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008.
Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.0075 (residential) R0.015 (business) R0.001875 (agricultural) (2007/2008 : R0.2076) is applied to property valuations to determine assesment rates.
Rebates of 40% are granted to residential and 30% to state property owners.
Rates are levied on a monthly basis on property owners.



	2009 R	2008 R
16. SERVICE CHARGES		
Sale of electricity	89 644 056	66 141 853
Sale of water	29 073 614	26 872 328
Refuse removal	8 216 577	7 381 583
Sewerage and sanitation charges	9 432 983	8 488 836
Free basic from equitable share	(12 914 128)	(8 163 045)
Total Service Charges	123 453 102	100 721 554
17 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	400 019	227 712
Total rentals	**400 019**	**227 712**
18 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	16 970 968	17 163 519
Total interest	**16 970 968**	**17 163 519**
19 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Consumer debtors	1 447 463	2 051 328
Total interest	**1 447 463**	**2 051 328**
20. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	98 990 947	78 828 568
Equitable share - Capital projects	17 048 662	11 172 309
MIG Grant	68 004 523	49 033 699
Department of Water Affairs	56 493 430	30 529 697
Office of the Premier	1 038 994	3 758 225
Finance management grant	489 124	499 840
European Union	2 055 190	
Provincial LED Projects	0	118
Department of sport and agriculture	0	470 385
Department of Mineral and Energy	5 867 445	3 136 327
Lottery Funding	347 688	1 032 047
	250 336 002	178 461 214

20.1 Equitable Share

The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R 131.49 (2008 : R 161.15), which is funded from this grant.

Equitable Share - Capital projects		
Balance Unspent at the Beginning of the Year	7 262 402	4 703 348
Current Year Receipts	19 317 222	13 731 363
Conditions Met - Transferred to Revenue	17 048 662	11 172 309
Conditions Still to be Met - Transferred to Liabilities (see note 13)	9 530 962	7 262 402
Projects not finalized		
20.2 European union - Capital projects		
Balance Unspent at the Beginning of the Year	1 200 000	
Current Year Receipts	1 200 000	1 200 000
Conditions Met - Transferred to Revenue	2 055 190	-
Conditions Still to be Met - Transferred to Liabilities (see note 13)	344 810	1 200 000
Projects not finalized		
20.3 Sport and Recreation Grant - Capital projects		
Balance Unspent at the Beginning of the Year		470 385
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue		470 385
Conditions Still to be Met - Transferred to Liabilities (see note 13)	-	-

	2009 R	2008 R
20.4 Office of the Premier - Capital projects		
Balance Unspent at the Beginning of the Year	1 752 993	4 277 218
Current Year Receipts	735 000	1 234 000
Conditions Met - Transferred to Revenue	1 038 994	3 758 225
Conditions Still to be Met - Transferred to Liabilities (see note 13)	1 448 999	1 752 993
Projects not finalized		
20.5 MIG Funding - Capital- and operational costs		
Balance Unspent at the Beginning of the Year	25 822 660	16 530 703
Current Year Receipts	61 695 906	58 325 657
Conditions Met - Transferred to Revenue	68 004 523	49 033 699
Conditions Still to be Met - Transferred to Liabilities (see note 13)	19 514 044	25 822 660
Projects not finalized		
20.6 Department of water affairs - Capital- and operational costs		
Balance Unspent at the Beginning of the Year	16 577 881	1 025 076
Current Year Receipts	55 599 000	46 082 500
Conditions Met - Transferred to Revenue	56 493 430	30 529 695
Conditions Still to be Met - Transferred to Liabilities (see note 13)	15 683 451	16 577 881
Projects not finalized		
20.7 Provincial LED Projects - Provincial LED projects		
Balance Unspent at the Beginning of the Year		118
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue		118
Conditions Still to be Met - Transferred to Liabilities (see note 13)	-	-
20.8 Finance Management Grant - Capital- and operational costs		
Balance Unspent at the Beginning of the Year	168 727	168 566
Current Year Receipts	500 000	500 000
Conditions Met - Transferred to Revenue	489 124	499 840
Conditions Still to be Met - Transferred to Liabilities (see note 13)	179 603	168 727
20.9 National lottery funding - Capital projects		
Balance Unspent at the Beginning of the Year	102 958	377 471
Current Year Receipts	757 533	757 534
Conditions Met - Transferred to Revenue	347 688	1 032 047
Conditions Still to be Met - Transferred to Liabilities (see note 13)	512 803	102 958
Projects not finalized		
20.10 Department of mineral and energy - Capital projects		
Balance Unspent at the Beginning of the Year	286 939	1 623 266
Current Year Receipts	7 171 000	1 800 000
Conditions Met - Transferred to Revenue	5 867 445	3 136 327
Direct expense - asset not for municipality	35 750	
Conditions Still to be Met - Transferred to Liabilities (see note 13)	1 554 744	286 939
Projects not finalized		
21. OTHER INCOME		
Sale of stands	5 600 401	24 155 582
Unclaimed monies older than 3 years		6 117 283
Other income	7 669 060	4 283 837
Total Other Income	**13 269 461**	**34 556 701**
22. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	54 312 933	48 772 428
Employee related costs - Contributions for UIF, pensions, medical aids, bargaining c	16 485 145	14 401 775
Travel, motor car, accommodation, subsistence and other allowances	10 141 035	6 886 646
Housing benefits and allowances	964 435	1 007 247
Overtime payments	9 653 069	8 545 796
Performance and other bonuses	5 929 992	4 395 334
Long -service awards		2 161 665
Other employee related costs	1 749 220	
Total Employee Related Costs	**99 235 829**	**86 170 889**

There were no advances to employees. Loans to employees are set out in note 9.

	2009 R	2008 R
Remuneration of the Municipal Manager		
Annual Remuneration	283 767	646 951
Performance and other bonuses	54 021	124 416
Travel, motor car, accommodation, subsistence and other allowances	165 399	187 810
Contribution to UIF, Medical, Pension Funds, Bargaining Council and skills developr	77 718	151 547
Total	**580 905**	**1 110 724**
Remuneration of the Chief Financial Officer		
Annual Remuneration	364 422	533 965
Performance and other bonuses	59 267	104 300
Travel, motor car, accommodation, subsistence and other allowances	128 993	172 541
Contribution to UIF, Medical, Pension Funds, Bargaining Council, Provident Fund an	93 600	118 734
Total Remuneration of the Chief Financial Officer	**646 282**	**929 541**

Remuneration of Individual Managers

30 June 2009	**Corporate Services**	**Developmental Services**	**Technical Services**
Annual Remuneration	480 996	574 614	510 489
Performance and other bonuses	40 083	44 892	42 541
Travel, motor car, accommodation, subsistence and other allowances	162 117	172 257	143 543
Contribution to UIF, Medical, Pension Funds, Bargaining Council, Provident Fund an	162 542	172 602	151 752
Total	**845 738**	**964 365**	**848 325**

	Community Services	**Traffic and Emergency Services**
Annual Remuneration	600 086	526 077
Performance and other bonuses	58 744	81 950
Travel, motor car, accommodation, subsistence and other allowances	182 080	148 983
Contribution to UIF, Medical, Pension Funds, Bargaining Council, Provident Fund an	177 198	167 551
Total	**1 018 108**	**924 561**

No performance bonuses were paid for 07/08 and 08/09

30 June 2008	**Corporate Services**	**Developmental Services**	**Technical Services**
Annual Remuneration	124 766	542 754	131 031
Performance and other bonuses		111 006	
Travel, motor car, accommodation, subsistence and other allowances	27 734	175 987	7 961
Contribution to UIF, Medical, Pension Funds, Bargaining Council, Provident Fund	17 828	125 920	11 476
Total	**170 328**	**955 667**	**150 468**

	Community Services	**Traffic and Emergency Services**
Annual Remuneration	529 366	476 032
Performance and other bonuses	104 301	101 521
Travel, motor car, accommodation, subsistence and other allowances	148 962	149 775
Contribution to UIF, Medical, Pension Funds, Bargaining Council, Provident Fund	132 457	123 499
Total	**915 087**	**850 828**

23. REMUNERATION OF COUNCILLORS

Mayor	486 846	437 230
Speaker	404 695	364 590
Executive Committee Members	2 030 083	2 181 565
Councillors	8 229 652	6 944 067
Councillors pension and medical aid contribution	1 650 204	1 003 252
Total Councillors' Remuneration	**12 801 480**	**10 930 704**

In-Kind Benefits

The Mayor and the Speaker are provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

Security services were rendered at the mayor's house at the cost of council for R 120 348.

	2009 R	2008 R
24 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	35 859 848	29 872 474
Total Depreciation and Amortisation	**35 859 848**	**29 872 474**
25. BULK PURCHASES		
Electricity	48 010 619	35 565 733
Water	14 265 284	13 865 888
Total Bulk Purchases	62 275 903	49 431 622
26 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertisements - vacant posts	341 375	160 758
Advertising, printing etc	1 556 684	1 242 633
Audit fees	1 400 602	480 455
Bank charges	375 640	361 386
Communication and public participation	480 000	165
Consultants and research cost	3 769 187	3 742 067
Discretionary fund	1 090 826	727 136
Electricity - departmental	1 782 679	979 308
FMG	283 038	294 867
Gamap	640 961	363
GLPS power correction	353 788	274 906
Hiring of equipment	333 817	359 213
IDP review	220 662	120 687
Insurance	2 735 506	2 174 917
Internal audit function	500 668	367 398
Inventory assets	267 090	343 144
Transportation study plan	407 000	
Legal expenses	3 728 307	2 687 132
Postage	272 478	250 444
Private security	1 291 986	282 370
Reds	679 926	
Rental of programs	502 182	347 656
Salga levy	381 886	364 268
System improvements	735 000	
Telephone cost	1 067 691	883 082
Tourism strategy	345 000	6 475
Township establishment	858 274	1 641 095
Training	287 854	260 952
Transport costs	7 550 125	5 496 670
Travel and subsistence	1 518 529	1 465 280
Uniforms & overalls	367 864	336 830
Valuation costs	1 218 871	2 550 500
Ward committee management	391 748	550 308
Water - departmental	525 113	264 403
Water supply to villages and repairs	7 861 360	3 916 871
Other	7 166 107	9 585 373
Less : Free basic services already expensed	(14 313 857)	(10 782 373)
	38 975 968	**31 736 739**
27 GAIN / (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	73 523	(1 678)
Total Gain / (Loss) on Sale of Assets	**73 523**	**(1 678)**

	2009 R	2008 R

28. CORRECTION OF ERROR

30 June 2008	As previously stated R	Adjustment R	Restated amount R
Statement of financial position			
Capital replacement reserve	54 006 097	3 231 655	57 237 752
Government grant reserve	193 313 015	-2 536 720	190 776 295
Accumulated surplus	119 469 179	-8 367 322	111 101 857
		-7 672 387	
Property plant and equipment	381 878 142	-5 768 377	376 109 765
Investment property	0	1 798 002	1 798 002
Inventory	8 578 918	-3 702 010	4 876 908
		-7 672 385	
Statement of financial performance			
General expenditure	43 526 869	4 768 375	48 295 244
Statement of changes in net assets			
Accumulated surplus	119 469 179	-8 367 322	111 101 857

Certain amounts were previously incorrectly capitalised as part of property, plant and equipment. Of this amount R 1 000 000 related to prior years and was adjusted against the opening balance of accumulated surplus. The balance restated in the statement of financial performance.

Stands held for sale was not shown at cost in inventory.
Investment property was included in inventory at an inflated amount.

Cash flow statement			
Cash generated by operations	171 678 947	-88 826 259	82 852 688
Purchase of property, plant and equipment	-149 462 856	88 826 259	-60 636 597
Call investment deposits	-45 991 308	45 991 308	0
Cash and cash equivalents - beginning of year	8 526 893	102 008 692	110 535 585
Cash and cash equivalents - end of year	2 995 168	148 000 000	150 995 168

Amounts relating to the revaluation of land and buildings were included under cash flow from investing activities.

Call Investment deposits were previously disclosed under investing activities instead of being combined under cash and cash equivalents.



	2009 R	2008 R
29. CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	121 329 731	104 182 994
Adjustment for:-		
Depreciation and amortisation	35 859 848	29 872 474
(Gain)/loss on sale of assets	(73 523)	1 678
Other movement on assets	89 414	
Contribution to provisions - non-current	338 092	236 875
Contribution to provisions - current	148 887	148 052
Contribution to bad debt provision	29 088 793	(14 983 125)
Interest earned	(18 418 432)	(19 214 847)
Operating surplus before working capital changes:	168 362 810	100 244 101
(Increase)/decrease in inventories	(714 512)	(3 571 805)
(Increase)/ decrease in trade receivables	(31 640 495)	30 599 251
(Increase)/ decrease in other receivables	2 430 774	2 507 610
(Increase)/decrease in VAT receivable	(6 897 021)	(15 294 565)
Increase/(decrease) in conditional grants and receipts	(5 940 844)	25 532 129
Increase/(decrease) in trade payables	1 614 181	11 188 566
Increase/(decrease) in consumer deposits	(29 835)	(445 358)
Cash generated by/(utislised in) operations	127 185 058	150 759 929

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	8 136 635	3 142 681
Net cash and cash equivalents	8 136 635	3 142 681

31. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Unauthorised expenditure

No unauthorised expenditure has occurred in the 2008/2009 financial year

31.2 Fruitless and wasteful expenditure

Overpayment of R 9 839.78 to a deceased employee Mr H C Mahwai

31.3 Irregular expenditure

No irregular expenditure has occurred in the 2008/2009 financial year

32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	381 886	364 268
Amount paid - current year	(381 886)	(364 268)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

32.2 Audit fees

Opening balance	-	-
Current year audit fee	1 958 924	891 934
Amount paid - current year	(1 958 924)	(891 934)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

32.3 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

32.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	13 702 455	10 866 592
Amount paid - current year	(13 702 455)	(10 866 592)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

	2009 R	2008 R
32.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	23 201 397	18 975 092
Amount paid - current year	(23 201 397)	(18 975 092)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	0	0

32.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30th June 2009

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor R L Kganyago	9 101	854	8 247
Councillor M R Lebelo	884	465	419
Councillor M E Selomo	9 656	548	9 108
Councillor P H Tsebe	623	389	234
Total Councillor Arrear Consumer Accounts	20 264	2 256	18 008

30th June 2008

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor T S Kgosana	5 795	3 642	2 153
Councillor M E Selomo	11 633	3 575	8 058
Councillor M I Mogotlane	12 992	1 449	11 543
Councillor P H Tsebe	4 676	3 758	918
Total Councillor Arrear Consumer Accounts	35 096	12 424	22 672

During the year the following Councillors had arrear accounts outstanding for more than 90 days: -

30th June 2009

	Highest Amount Outstanding	Ageing Days
Councillor M I Mogotlane	10 339	> 90 days
Councillor T S Kgosana	1 376	> 90 days

30th June 2008

	Highest Amount Outstanding	Ageing Days
Councillor N S Montane	3 000	> 90 days
Councillor M R Lebelo	569	> 90 days

32.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has deviated from supply chain management by a total amount of R 5 018 366 (2008 -R1 701 606).
The deviation report was approved by council and send to DPLG, Provincial- and National Treasury.

	2009 R	2008 R
33. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
-Approved and contracted for	14 350 937	50 312 733
Infrastructure	13 935 671	46 749 813
Community	251 634	441 741
Heritage	-	-
Other	163 632	3 121 179
-Approved but not yet contracted for	2 091 534	5 927 199
Infrastructure	2 091 534	4 000 000
Community		1 927 199
Heritage	-	-
Other		
Total	16 442 471	56 239 932
This expenditure will be financed from :		
-External Loans	-	-
-Capital Replacement Reserve		10 949 587
-Government Grants	15 826 711	39 363 146
-Own resources	615 760	
-District Council Grants		
	16 442 471	50 312 733

34. RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to 5 defined benefit retirement funds.

34.1 Municipal Employees Pension Fund administered by Akani.
The last actuarial valuation was done in February 2008.
The net assets available for benefits R5 715 557 193.08.

34.2 Municipal Councillors Pension Fund administered by Absa Consultants & Actuaries.
The last acturual valuation was done in June 2005. The fund indicated that they are busy with the audit for 05/06. The total market value of the fund R691 889 932.00 when was administered by Akani. Absa Consultants & Actuaries has not as yet provided the valuation report.

34.3 Municipal Employees Gratuity Fund administered by Coris Capital.
The last actuarial valuation was performed in June 2006. The total market value of the fund R6 557 416 000.

34.4 National Fund for Municipal Workers administered by themselves.
The latest voluntary valuation was done on 30 June 2006. As at 30 June 2006 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surplusses which could be allocated to members Fund records.

34.5 Transvaal Municipal Pension Fund administered by Lekana
The fund is closed for membership

35. CONTINGENT LIABILITY

Claim for surveilance cameras	930 922	930 922

The Municipality is being sued by Merchantile Bank for rental of surveilance cameras. Council is defending the claim based on legal advise. Cameras removed. Matter postponed indefinately. The contingent liability of R930 922 doesn't include legal costs. Should council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from accumulated surplus. Waiting for trail date.

Claim for water account	96 000	96 000

The Municipality is being sued by a consumer, Academy of Sports Excellence, for a dispute on their water account. Council is defending the claim based on legal advise. A court date has not yet been set. Waiting for Plaintiff's Discovery Affidavit and trial date from Registrar. The contingent liability of R 96 000 doesn't include legal costs. Should council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from provision for bad debt. The municipality is however proceeding with a debtor's claim of R860 000 against plaintiff.

	2009 R	2008 R
Claim for termination of mandate for debt collection	8 465 022	8 465 022
The Municipality is being sued by Katlego Benefit Administrators for termination of mandate for debt collection. Council is defending the claim based on legal advise. The contingent liability of R8 465 022 doesn't include legal costs. Should council be unsuccessfull in defending the claim, there is a possibility that the claim will be settled from the accumulated surplus or by council's insurers. Matter was postponed for plaintiff to submit proof of registration as a debt collector.		
Claim for damages	58 786	58 786
The Municipality is being sued by Telkom for damages to underground cable. Letter of demand received on 8 May 2008 and information requested from Telkom. No further developments.		
Claim for damages		98 000
The municipality cancelled the deed of sale due to non-payment of the assesment rates and levies and Mr M J Sethoga instituted a claim of R98 000.00 against the municipality for damages. The municipality furnished the court with a cheque in the amount of R23 074.38 which is the amount due to Mr M J Sethoga in terms of the deed of sale. Matter has been withdrawn.		
Claim for defamation	50 000	50 000
The municipality is being sued by Kersten Max Will for an amount of R50 000.00 for damaged due to defamation. Mr Will has passed away.		
Claim for land	-	-
The municipality has cancelled a deed of sale due to non-complaince by the purchaser, Gov-Al Properties CC and repossessed the portion of land. Gov-Al Properties CC are now suing the municipality in the High Court in order to get possession of the land again. Removed from roll on 5 May 2008. No further developments		
Claim for damages	100 000	100 000
The municipality is being sued by R du Toit for an amount of R100 000.00 for damages after she fell on the pavement and hurt herself. Attorneys for insurance busy with case.		
Claim for damages	90 000	90 000
The municipality is being sued by S L Maphoto for the amount of R90 000.00 as his car was impounded by the municipality. Offer of R10 000.00 communicated to attorneys. Accepted offer of R10 000.00 and which was paid. Waiting for party costs.		
Claim to design, build, implement and support of a 20 seater call centre	216 558	216 577
The municipality is being sued by SA Call Centre for alleged services rendered. Still in process of exchanging pleadings.		
Claim for damages	9 104	9 104
The municipality is being sued by National Highway Markings after a vehicle collision. Attorneys for claimant : Woodroffe & Kleyn Attorneys. Letter of demand received 2 January 2008. Claim was forwarded to insurers.		
Claim for damages		254 867
The municipality is being sued by Sondela Seedlings for loss of revenue due to electrical fault. Claim registered with insurers. An amount of R238 590.62 was paid to Sondela Seedlings on 18 November 2008.		
Claim for damages	500 000	-
Magnolia Residents. Devaluation of property. Residents alleges that their property devaluated after incorrectly approval of rezoning without conducting a hearing iro objection. Letter of demand received on 8 May 2008. Awaiting reply from insurer.		
Claim for damages	100 000	-
Tsa Khomotso. Stolen electrical equipment/pipes. Waiting for reports from electrical and technical.		
Claim for damages	16 099	

	2009 R	2008 R
The municipality is being sued by Mr D J N Coetzer for damages to computer equipment. The contingent liability amounts to R16 099.00. Claim is registered with insurer.		
Claim for damages	7 245	
The municipality is being sued by Ms I J Koekemoer for damages on electrical appliances due to loose main neatral electrical. The claim amounts to R 7 244.70. Insurer is handling third party claim.		
Claim for damages	5 221	
The municipality is being sued by J T Rooyen due to wrong replacement of transformer which damaged third party distribution board. The contingent liability amounts to R 5 220.85. Release letter has been send to third party.		
Claim for damages		3 814
The municipality is being sued by C Duckworth for tyres damaged by potholes. Claim registered with Insurers. There was no further correspondence from mr Duchworth		
Claim for damages		1 194
The municipality is being sued by H Steyn for losses suffered due to electricity that was wrongfully disconnected. Claim registered with Insurers. There was no further correspondence from mr Steyn.		
Claim for damages		907
The municipality is being sued by A Magagane for damages caused by a stone while cutting grass that dented the side of his vehicle. Claim registered with Insurers. The windscreen was repaired by the municipality in June 2009.		
Claim for damages/ Windscreen damages - M J Beukes		936
Claim registered with Insurers. There was no further correspondence from MJ Beukes		
Claim for damages/ Windscreen damages - J H Claasen		950
Claim registered with Insurers. There was no further correspondence from J H Claasen		
Claim for damages		1 150
The municipality is being sued by K S A Rammatla for damages caused by speed humps. Claim registered with Insurers. There was no further correspondence from K S A Rammatla		
Claim for damages		23 760
The municipality is being sued by L J Seota for damages caused by speed humps. Claim registered with Insurers. There was no further correspondence from L J Seota		

36. CONTINGENT ASSETS

Claim for cell phone account	267 825	267 825
The municipality is claiming an amount from Nashua Mobile in respect of cell phone contracts.		

37. IN-KIND DONATIONS AND ASSISTANCE

The following donations were received in 2008/2009:		
150 Blankets form Anglo Platinum in 2008/2009		
Unknown		12 000
Mayoral Gala dinner		10 000
PPL mine - For purchase of refuse truck		1 535 700
	0	1 557 700

38. RELATED PARTIES

	2009 R	2008 R
Other related party relatioships	Dynasty printers - Business of the wife of a councillor. Tau Industries - Business of the husband of an official.	
Related party transactions		
Purchases from Dynasty Printers	49 854	378 788
Purchases from Tau Industries	2 938 768	1 079 400

39. EVENTS AFTER THE REPORTING DATE

None

40. RISK MANAGEMENT

40.1. Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

40.2. Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and available resources.

40.3. Interest rate risk

As the municipality is having investments which is material the income of the municipality could be affected if there is a drastic change in market interset rates.

At year end, financial instruments exposed to interest rate risk were as follows:
- Call deposits
- Notice deposits

41. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix D(1) and D(2)

8. PROPERTY, PLANT AND EQUIPMENT
30 June 2009

Reconciliation of Carrying Value	**Land and Buildings**	**Infrastructure**	**Community**	**Other**	**Total**
	R	**R**	**R**	**R**	**R**
Carrying Values at 30 June 2008	**103 231 696**	**375 717 416**	**82 201 098**	**15 097 075**	**576 247 288**
Cost	23 617 453	473 129 139	37 813 826	39 133 032	573 693 451
Revaluation	87 789 825	-	47 895 238	-	135 685 063
Accumulated Depreciation	(8 175 582)	(97 411 722)	(3 507 965)	(24 035 957)	(133 131 225)
- Cost	(7 941 905)	(97 411 722)	(1 545 280)	(24 035 957)	(130 934 864)
- Revaluation	(233 677)	-	(1 962 685)	-	(2 196 361)
Acquisitions	-	96 762 247	2 198 765	7 622 323	106 583 335
Capital under Construction	-	45 346 057	2 402 878	365 994	48 114 929
Depreciation	(1 239 612)	(25 686 397)	(3 421 872)	(5 511 968)	(35 859 848)
Carrying value of disposals		-	-	(176 476)	(176 477)
Cost				(497 928)	(497 928)
Accumulated depreciation				321 451	321 451
Impairment loss/Reversal of impairment loss					
Transfers					
Other movements *		(89 416)			(89 416)
Carrying Values at 30 June 2009	**101 992 085**	**492 139 323**	**83 380 870**	**17 396 946**	**694 819 810**
Cost/revaluation	111 407 278	615 148 026	90 310 707	46 623 420	863 489 432
Accumulated Depreciation and impairment losses	(9 415 194)	(123 098 119)	(6 929 837)	(29 226 474)	(168 669 622)

*Other movements consist of WIP for previous years expensed - Phola Park roads Phase 2
Refer to Appendix A for more detail on property, plant and equipment

8. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	**53 200 589**	**229 479 781**	**83 692 118**	**9 737 278**	**376 109 765**
Cost	26 755 297	312 760 627	35 383 578	30 599 299	405 498 801
Correction of error (note 22)	(3 231 655)	(2 536 720)			(5 768 375)
Revaluation	30 985 845	-	48 903 556		79 889 401
Accumulated Depreciation	(1 308 899)	(80 744 126)	(595 015)	(20 862 021)	(103 510 061)
- Cost	(1 308 899)	(80 744 126)	(595 015)	(20 862 021)	(103 510 061)
- Revaluation					
Acquisitions	93 811	98 936 100		8 728 461	107 758 372
Capital under Construction	-	63 969 132	2 430 248	58 260	66 457 640
Increases/decreases in revaluation	56 803 980		(1 008 318)		55 795 662
Depreciation	(6 866 683)	(16 667 596)	(2 912 950)	(3 425 246)	(29 872 474)
- based on cost	(6 633 006)	(16 667 596)	(950 265)	(3 425 246)	(27 676 113)
-based on revaluation	(233 677)		(1 962 685)		(2 196 361)
Carrying value of disposals	-	-	-	(1 678)	(1 678)
Cost				(252 988)	(252 987)
Accumulated depreciation				251 310	251 310
Revaluation					-
Impairment losses					
Other movements					-
Carrying Values at 30 June 2008	**103 231 696**	**375 717 416**	**82 201 098**	**15 097 075**	**576 247 288**
Cost	23 617 453	473 129 139	37 813 826	39 133 032	573 693 451
Revaluation	87 789 825	-	47 895 238	-	135 685 063
Accumulated Depreciation	(8 175 582)	(97 411 722)	(3 507 965)	(24 035 957)	(133 131 225)
- Cost	(7 941 905)	(97 411 722)	(1 545 280)	(24 035 957)	(130 934 864)
- Revaluation	(233 677)	-	(1 962 685)	-	(2 196 361)

Refer to Appendix A for more detail on property, plant and equipment

MOGALAKWENA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2009

	ASSETS AT COST OR REVALUATION					ACCUMULATED DEPRECIATION				OTHER	CARRYING
	Opening Balance	Additions/ Revalued	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	MOVEMENTS	VALUE
Land and Buildings											
Land	85 758 191			-	85 758 191	(1 678 456)	(598 567)	-	(2 277 023)		83 481 168
Buildings*******	25 649 087			-	25 649 087	(6 497 126)	(641 045)	-	(7 138 171)		18 510 916
	111 407 277	-	-	-	111 407 278	(8 175 582)	(1 239 612)	-	(9 415 194)		101 992 084
Infrastructure											
Water Mains	136 788 426	10 845 899	23 926 245		171 560 570	(34 838 034)	(6 250 881)		(41 088 915)		130 471 655
Sewerage	42 580 588	10 399 140	4 989 679		57 969 407	(7 583 014)	(2 206 847)		(9 789 861)		48 179 546
Roads and Stormwater	207 951 403	68 424 227	2 291 536		278 667 166	(37 256 487)	(13 516 301)		(50 772 788)	(89 416)	227 804 962
Pedestrian	562 910				562 910	(364 122)	(15 700)		(379 822)		183 088
Electricity	82 142 952	6 225 102	14 138 597		102 506 650	(17 354 374)	(3 550 327)		(20 904 701)		81 601 949
Telkom sleeves	3 102 860	867 879			3 970 739	(15 690)	(146 340)		(162 030)		3 808 709
	473 129 139	96 762 247	45 346 057	-	615 237 443	(97 411 721)	(25 686 397)	-	(123 098 118)	(89 416)	492 049 909
Community Assets											
Recreation Grounds	2 439 642		347 688		2 787 330	(119 290)	(121 526)		(240 816)		2 546 514
Community Buildings	71 165 089	1 632 394	2 055 190		74 852 673	(2 648 966)	(2 881 135)		(5 530 101)		69 322 572
Civic Buildings	12 104 334	566 371			12 670 705	(739 709)	(419 210)		(1 158 919)		11 511 786
	85 709 065	2 198 765	2 402 878	-	90 310 708	(3 507 965)	(3 421 872)	-	(6 929 837)		83 380 871
Other Assets											
Landfill sites	105 130				105 130	-			-		105 130
Office Equipment	3 094 377	778 381		21 999	3 850 759	(1 714 724)	(562 792)	21 999	(2 255 516)		1 595 242
Furniture & Fittings	2 332 273	99 515			2 431 788	(925 755)	(212 357)		(1 138 112)		1 293 677
Bins and containers	691 351	91 872			783 223	(491 331)	(71 212)		(562 543)		220 680
Emergency Equipment	59 000	26 486			85 486	(40 342)	(10 754)		(51 096)		34 390
Motor Vehicles	19 240 159	4 117 504		475 929	22 881 735	(12 051 773)	(2 720 047)	299 452	(14 472 368)		8 409 367
Computer Equipment	8 134 765	707 096	365 994		9 207 855	(5 397 280)	(1 107 247)		(6 504 527)		2 703 328
Plant and Euipment	4 620 903	1 538 517			6 159 420	(2 983 826)	(649 636)		(3 633 462)		2 525 958
Security Measures	212 334	91 347			303 681	(74 894)	(67 050)		(141 944)		161 737
Other Equipment	642 741	171 604			814 345	(356 034)	(110 874)		(466 908)		347 437
	39 133 032	7 622 323	365 994	497 928	46 623 421	(24 035 957)	(5 511 968)	321 451	(29 226 476)	-	17 396 946
TOTAL ASSETS	**709 378 513**	**106 583 335**	**48 114 929**	**497 928**	**863 578 850**	**(133 131 225)**	**(35 859 848)**	**321 451**	**(168 669 624)**	**(89 416)**	**694 819 810**

Included in the opening balance is an amount of R 68 550 187.19 for work in progress in 2005/2006 (R 46 870), 2006/2007 (R 2 045 676.91) and 2007/2008 (R 66 457 640.28)
*Other movements consist of WIP for previous years expensed - Phola Park roads Phase 2
From the R 68 550 187.19 projects for R 61 598 921.11 was finalised during 2008/2009.
Remaining under the opening balance is an amount of R 6 861 849.90 for work in progress not finalsed yet at 30 June 2009.

MOGALAKWENA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2008

	ASSETS AT COST OR REVALUATION					ACCUMULATED DEPRECIATION				CARRYING VALUE
	Opening Balance	Additions/ Revalued	Under Construction	Disposals	Closing Balance	Opening Balance	Charge for the year	Disposals	Closing Balance	
Land and Buildings										
Land	34 934 211	50 823 980		-	85 758 191	958 321	720 135	-	1 678 456	84 079 735
Buildings*******	19 575 276	6 073 811		-	25 649 087	350 578	6 146 548	-	6 497 126	19 151 961
	54 509 487	56 897 791	-	-	111 407 277	1 308 899	6 866 683	-	8 175 582	103 231 696
Infrastructure										
Water Mains	103 028 240	12 570 362	21 189 824		136 788 426	29 699 615	5 138 419		34 838 034	101 950 392
Sewerage	27 795 424	10 621 381	4 163 782		42 580 588	5 959 671	1 623 343		7 583 014	34 997 574
Roads and Stormwater	129 359 617	53 533 398	25 058 388		207 951 403	29 566 825	7 689 662		37 256 487	170 694 916
Pedestrian	562 910				562 910	348 422	15 700		364 122	198 788
Electricity	49 477 715	20 328 111	12 337 126		82 142 952	15 169 593	2 184 781		17 354 374	64 788 578
Telkom sleeves		1 882 848	1 220 012		3 102 860		15 690		15 690	3 087 170
	310 223 906	98 936 100	63 969 132	-	473 129 139	80 744 126	16 667 595	-	97 411 721	375 717 418
Community Assets										
Recreation Grounds	1 407 595		1 032 047		2 439 642	33 978	85 312		119 290	2 320 352
Community Buildings	70 775 205	(1 008 318)	1 398 202		71 165 089	224 807	2 424 159		2 648 966	68 516 123
Civic Buildings	12 104 334				12 104 334	336 232	403 478		739 709	11 364 625
	84 287 135	(1 008 318)	2 430 248	-	85 709 065	595 016	2 912 949	-	3 507 965	82 201 100
Other Assets										
Landfill sites	46 870		58 260		105 130	-			-	105 130
Office Equipment	1 949 762	1 148 345		3 730	3 094 377	1 486 667	230 109	2 052	1 714 724	1 379 653
Furniture & Fittings	1 944 770	387 503			2 332 273	763 528	162 227		925 755	1 406 518
Bins and containers	594 841	96 510			691 351	445 187	46 144		491 331	200 020
Emergency Equipment	37 332	21 667			59 000	37 332	3 009		40 342	18 658
Motor Vehicles	16 408 500	2 995 275		163 616	19 240 159	10 205 880	2 009 508	163 616	12 051 773	7 188 386
Fire Engines	-				-	-			-	-
Computer Equipment	5 581 498	2 638 910		85 642	8 134 765	4 955 557	527 365	85 642	5 397 280	2 737 486
Plant and Euipment	3 294 190	1 326 713			4 620 903	2 683 774	300 051		2 983 826	1 637 077
Security Measures	126 923	85 411			212 334	42 885	32 009		74 894	137 440
Other Equipment	614 612	28 128			642 741	241 209	114 824		356 034	286 707
	30 599 300	8 728 461	58 260	252 988	39 133 032	20 862 021	3 425 246	251 310	24 035 957	15 097 075
TOTAL ASSETS	**479 619 827**	**163 554 034**	**66 457 640**	**252 988**	**709 378 513**	**103 510 062**	**29 872 473**	**251 310**	**133 131 225**	**576 247 288**

Investigation/surveying cost for R 5 768 375.00 was previously included under the opening balance but taken out . See correction of error Note 22.

Included in the opening balance is an amount of R 49 076 666 for work in progress in 2005/2006 (R 1 334 247) and 2006/2007 (R 47 742 419)

From the R 49 076 666 projects for R 41 215 743.45 was finalised during 2007/2008. R 5 768 375.00 is a correction of error.
Remaining under the opening balance is an amount of R 2 092 546.91 for work in progress not finalsed yet at 30 June 2008.

APPENDIX B

MOGALAKWENA MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2009

	COST/REVALUATION					ACCUMULATED DEPRECIATION				OTHER	CARRYING
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	MOVEMENTS	VALUE
Executive & Council	4 852 036	815 608	303 994	475 929	5 495 710	1 606 847	1 052 857	299 452	2 360 252		3 135 457
Finance & Admin	213 809 719	2 810 602	62 000.00	0	216 682 321	21 447 216	5 889 372	0	27 336 587		189 345 734
Planning & Development	1 841 761	1 723 198	0	0	3 564 959	312 143	155 276	0	467 419		3 097 540
Health	64 251	0	0	0	64 251	54 246	2 114	0	56 360		7 891
Community & Social Services	903 081	155 534	0	21 999	1 036 615	286 159	106 734	21 999	370 894		665 721
Public Safety	3 978 174	87 246	0	0	4 065 420	2 845 450	429 359	0	3 274 810		790 610
Sport & Recreation	4 062 466	174 329	347 688	0	4 584 483	1 366 180	293 073	0	1 659 253		2 925 229
Environmental Protection	56 993	0	0	0	56 993	39 325	3 937	0	43 262		13 731
Waste management	48 021 999	13 735 871	4 989 679	0	66 747 550	11 494 373	3 099 557	0	14 593 930		52 153 619
Road Transport	205 557 927	69 974 504	2 291 536	0	277 823 967	38 299 999	13 923 639	0	52 223 638	(89 416)	225 510 913
Electricity	86 765 829	6 256 421	14 138 597	0	107 160 846	19 873 288	4 194 631	0	24 067 920		83 092 927
Water	139 454 609	10 845 899	23 926 245	0	174 226 753	35 502 062	6 706 442	0	42 208 504		132 018 249
Other	9 669	4 123	2 055 190	0	2 068 982	3 936	2 856	0	6 792		2 062 190
TOTAL	**709 378 515**	**106 583 335**	**48 114 929**	**497 928**	**863 578 850**	**133 131 223**	**35 859 848**	**321 451**	**168 669 620**	**(89 418)**	**694 819 814**

APPENDIX C

MOGALAKWENA MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)
R	R	R		R	R	R
82 773 256	55 368 204	27 405 052	Executive & Council	87 620 459	52 004 971	35 615 487
74 206 578	60 435 954	13 770 624	Finance & Admin	41 245 119	54 841 874	(13 596 755)
3 079 309	13 634 824	(10 555 515)	Planning & Development	3 552 384	13 337 973	(9 785 589)
105	49 579	(49 474)	Health	92	16 345	(16 253)
463 913	3 807 166	(3 343 253)	Community Services	441 659	4 322 131	(3 880 472)
119 185	14 549	104 636	Housing	123 508	32 284	91 224
2 767 315	9 388 936	(6 621 621)	Public Safety	2 829 656	10 814 240	(7 984 583)
2 151 946	4 510 858	(2 358 912)	Sport & Rereation	945 891	4 992 313	(4 046 422)
1 991	1 529 586	(1 527 595)	Environmental Health	19 105	1 456 436	(1 437 331)
23 958 628	16 504 117	7 454 510	Waste Management	46 915 751	29 873 921	17 041 831
44 270 283	27 251 214	17 019 070	Road Transport	63 337 852	38 083 928	25 253 924
60 356 110	38 381 285	21 974 825	Water	96 008 422	56 048 021	39 960 401
77 419 024	49 308 580	28 110 443	Electricity	96 047 915	66 169 443	29 878 472
0	347 414	(347 414)	Other	2 055 190	966 624	1 088 566
371 567 641	**280 532 265**	**91 035 376**	**SUB TOTAL**	**441 143 002**	**332 960 503**	**108 182 499**
	13 147 618	(13 147 618)	Less: Inter-Dep Charges		13 147 231	(13 147 231)
371 567 641	**267 384 647**	**104 182 994**	**TOTAL**	**441 143 002**	**319 813 272**	**121 329 729**

MOGALAKWENA MUNICIPALITY

APPENDIX D(1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE)
FOR THE YEAR ENDED 30 JUNE 2009

REVENUE		2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates		27 525 665	29 000 000	(1 474 335)	-5	
Property rates-penalties imposed and collections charges				-		
Service charges		123 453 102	132 335 760	(8 882 658)	-7	
Rental of facilities and equipment		400 019	268 750	131 269	49	More income from rental than anticipated
Interest earned-external investments		16 970 968	12 000 000	4 970 968	41	More money on investment than anticipated
Interest earned-outstanding debtors		1 447 462	3 630 000	(2 182 538)	-60	Budgeted income is not received
Fines		1 131 014	1 082 657	48 357	4	
Licences and permits		6 535 784	4 234 121	2 301 663	54	More income than anticipated
Government grants and subsidies		250 336 002	246 713 441	3 622 561	1	
Other income		13 269 461	7 742 645	5 526 816	71	Some income not budgeted for
Public contributions, donated/contributed PPE				-		
Gains on disposal of property, plant and equipment		73523.01		73 523		
Total Revenue		**441 143 000**	**437 007 374**	**4 135 626**	1	
EXPENDITURE				-		
Executive & Council		52 004 971	55 104 441	(3 099 470)	-6	
Finance & Admin		54 841 874	72 252 194	(17 410 320)	-24	Saving on expenditure votes
Planning & Development		13 337 973	14 421 716	(1 083 743)	-8	
Health		16 345	22 321	(5 976)	-27	Saving on expenditure votes
Community Services		4 322 131	4 711 105	(388 974)	-8	
Housing		32 284	40 136	(7 852)	-20	Saving on expenditure votes
Public Safety		10 814 240	12 514 451	(1 700 211)	-14	Saving on expenditure votes
Sport & Rereation		4 992 312.97	5 642 107	(649 794)	-12	Saving on expenditure votes
Environmental Health		1 456 436	1 453 390	3 046	0	
Waste Management		29 873 920.62	32352931	(2 479 010)	-8	
Road Transport		38 083 928.37	37456966	626 962	2	
Water		56 048 021	61 599 465	(5 551 445)	-9	
Electricity		66 169 443	87519370	(21 349 927)	-24	Saving on expenditure votes
Other		966 624	1 178 673	(212 049)	-18	Saving on expenditure votes
Inter -departmental charges		(13 147 231)	(12 440 343)	(706 888)	6	
Total Expenditure		**319 813 272**	**373 828 923**	**(54 015 651)**	-14	Saving on expenditure votes
NET SURPLUS/(DEFICIT) FOR THE YEAR		**121 329 729**	**63 178 451**	**58 151 278**		

MOGALAKWENA MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION PROPERTY, PLANT & EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances Greater than 5% Versus Budget
Executive & Council	815 608	303 994	1 119 602	2 420 993	**-1 301 391**	**-54%**	Call centre not finalised
Finance & Admin	2 810 602	62 000	2 872 602	27 729 280	**-24 856 678**	**-90%**	Ext 12 moved to infrastructure
Planning & Development	1 723 198	-	1 723 198	3 486 430	**-1 763 232**	**-51%**	Town planning wrongly budgeted under capital in stead of operational
Health	-	-	0	-	**0**		
Community Services	155 534	-	155 534	445 264	**-289 730**	**-65%**	Aircon not installed in Tayob Hall
Housing	-	-	0	-	**0**		
Public Safety	87 246	-	87 246	135 700	**-48 454**	**-36%**	Saving on capital
Sport & Rereation	174 329	347 688	522 017	1 067 492	**-545 475**	**-51%**	Project on sport stadiums funded by Lottery not finalised
Environmental Health	-	-	0	6 500	**-6 500**		
Waste Management	13 735 871	4 989 679	18 725 550	19 345 488	**-619 938**	**-3%**	
Road Transport	69 974 504	2 291 536	72 266 040	60 783 126	**11 482 914**	**19%**	Road & stormwater costs for Ext 12 . Origanally budgeted under finance and admin
Water	10 845 899	23 926 245	34 772 144	39 490 996	**-4 718 852**	**-12%**	Projects not finanlised. Rolled over to 09/10 and savings
Electricity	6 256 421	14 138 597	20 395 017	30 330 939	**-9 935 922**	**-33%**	Projects not finanlised. Rolled over to 09/10 and savings
Other	4 123	2 055 190	2 059 313	2 622 158	**-562 845**	**-21%**	Saving on capital
Total	**106 583 335**	**48 114 929**	**154 698 263**	**187 864 366**	**(33 166 103)**	**-18%**	